

Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

**Financial Statements
Year Ended September 30, 2023**

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation and the U.S. member of BDO International Limited, a UK company limited by guarantee.



Jewish National Fund (Keren Kayemeth LeIsrael), Inc.

Financial Statements
Year Ended September 30, 2023

Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

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Independent Auditor's Report

The Board of Trustees
Jewish National Fund (Keren Kayemeth Lelsrael), Inc.
New York, New York

Opinion

We have audited the financial statements of Jewish National Fund (Keren Kayemeth Lelsrael), Inc. (JNF), which comprise of the statements of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of JNF as of September 30, 2023 and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of JNF and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - Adoption of Accounting Standards Update (ASU) 2016-02, Leases (Topic 842)

As discussed in Note 2 and Note 16 to the financial statements, JNF has elected to change its method of accounting for leases in the year ended September 30, 2023 due to the adoption of ASC Topic 842, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about JNF's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of JNF's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about JNF's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited JNF's September 30, 2022 financial statements and our report, dated May 24, 2023, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein for the year ended September 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, P.C.

May 28, 2024

Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

Statement of Financial Position (with comparative totals for 2022)

<i>September 30,</i>	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 11,029,740	\$ 23,471,322
Investments, at fair value	323,625,765	294,148,015
Contributions receivable, net, current portion	29,481,527	27,895,187
Prepaid expenses and other assets	3,113,235	1,924,876
Total Current Assets	367,250,267	347,439,400
Contributions Receivable, Net, less current portion	16,437,459	20,792,061
Investments Held Under Split-Interest Agreements	102,780,800	95,770,463
Property Held for Sale	44,000	44,000
Beneficial Interest in Trust Held by Others	626,626	575,986
Fixed Assets, Net	16,452,328	16,937,169
Operating Right-Of-Use Asset	1,471,865	-
Total Assets	\$ 505,063,345	\$ 481,559,079
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 1,490,212	\$ 955,646
Accrued payroll and related liabilities	1,482,333	1,373,614
Grants payable, current portion	627,483	1,032,822
Note payable, current portion	1,000,000	-
Operating lease liability, current portion	499,190	-
Total Current Liabilities	5,099,218	3,362,082
Grants Payable, less current portion	1,499,549	2,978,749
Note Payable, less current portion	4,000,000	5,000,000
Obligations Due Under Split-Interest Agreements	43,485,760	41,250,098
Operating Lease Liability, less current portion	941,935	-
Total Liabilities	55,026,462	52,590,929
Commitments and Contingencies		
Net Assets		
Without donor restrictions:		
Operating	178,089,536	173,077,501
Board designated - Boruchin Israel Education Advocacy Center	118,620,833	112,602,764
Board designated - Building Fund	3,433,042	3,090,014
Board designated - JNF Initiatives Fund	63,118,839	55,587,613
Total Without Donor Restrictions	363,262,250	344,357,892
With donor restrictions	86,774,633	84,610,258
Total Net Assets	450,036,883	428,968,150
Total Liabilities and Net Assets	\$ 505,063,345	\$ 481,559,079

See accompanying notes to financial statements.

Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

**Statement of Activities
(with comparative totals for 2022)**

Year ended September 30,

	Without Donor Restrictions					Total	With Donor Restrictions	2023	2022
	Operating	Board Designated - Boruchin Israel Education Advocacy Center	Board Designated - Building Fund	Board Designated - JNF Initiatives Fund					
Revenues, Gains, and Other Support									
Contributions	\$ 60,613,109	\$ -	\$ -	\$ -	\$ 60,613,109	\$ 6,851,834	\$ 67,464,943	\$ 87,855,990	
Special events revenue	7,412,640	-	-	-	7,412,640	75,404	7,488,044	7,699,590	
Less: direct cost of special events	(4,351,188)	-	-	-	(4,351,188)	-	(4,351,188)	(3,065,609)	
Net Special Events Revenue	3,061,452	-	-	-	3,061,452	75,404	3,136,856	4,633,981	
Bequests	14,164,953	-	-	-	14,164,953	527,119	14,692,072	16,467,507	
Contributions from split-interest agreements	-	-	-	-	-	4,703,507	4,703,507	4,688,860	
Changes in value of split-interest agreements	-	-	-	-	-	(3,405,502)	(3,405,502)	1,063,432	
Investment income (loss), net	12,897,368	11,670,256	343,028	7,867,741	32,778,393	9,242,684	42,021,077	(59,616,096)	
Other revenue	1,772,811	-	-	-	1,772,811	-	1,772,811	1,062,789	
Net assets released from restrictions	15,830,671	-	-	-	15,830,671	(15,830,671)	-	-	
Total Revenues, Gains, and Other Support	108,340,364	11,670,256	343,028	7,867,741	128,221,389	2,164,375	130,385,764	56,156,463	
Expenses									
Program services:									
Israel projects	61,850,227	5,652,187	-	336,515	67,838,929	-	67,838,929	70,477,293	
Education	10,023,079	-	-	-	10,023,079	-	10,023,079	8,966,670	
Missions and scholarships	14,361,029	-	-	-	14,361,029	-	14,361,029	8,821,574	
Total Program Services	86,234,335	5,652,187	-	336,515	92,223,037	-	92,223,037	88,265,537	
Supporting services:									
Management and general	7,960,976	-	-	-	7,960,976	-	7,960,976	6,465,969	
Donor development and fundraising	9,133,018	-	-	-	9,133,018	-	9,133,018	8,425,204	
Total Supporting Services	17,093,994	-	-	-	17,093,994	-	17,093,994	14,891,173	
Total Expenses	103,328,329	5,652,187	-	336,515	109,317,031	-	109,317,031	103,156,710	
Change in Net Assets	5,012,035	6,018,069	343,028	7,531,226	18,904,358	2,164,375	21,068,733	(47,000,247)	
Net Assets, beginning of year	173,077,501	112,602,764	3,090,014	55,587,613	344,357,892	84,610,258	428,968,150	475,968,397	
Net Assets, end of year	\$ 178,089,536	\$ 118,620,833	\$ 3,433,042	\$ 63,118,839	\$ 363,262,250	\$ 86,774,633	\$ 450,036,883	\$ 428,968,150	

See accompanying notes to financial statements.

Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

**Statement of Functional Expenses
(with comparative totals for 2022)**

Year ended September 30,

	Program Services				Supporting Services				2023	2022
	Israel Projects	Education	Missions and Scholarships	Total Program Services	Management and General	Donor Development and Fundraising	Total Supporting Services			
Salaries	\$ 5,594,001	\$ 4,181,633	\$ 4,561,522	\$ 14,337,156	\$ 4,263,568	\$ 4,926,767	\$ 9,190,335	\$ 23,527,491	\$ 21,549,079	
Employee benefits	2,099,951	1,373,088	1,400,340	4,873,379	1,296,823	1,570,277	2,867,100	7,740,479	6,253,931	
Total Salaries and Benefits	7,693,952	5,554,721	5,961,862	19,210,535	5,560,391	6,497,044	12,057,435	31,267,970	27,803,010	
Advertising	509,369	203,840	169,483	882,692	91,230	180,762	271,992	1,154,684	1,087,907	
Conferences and education	39,501	46,616	3,043,427	3,129,544	354,153	39,336	393,489	3,523,033	672,194	
Delivery and messenger	404,099	314,117	160,679	878,895	170,983	339,460	510,443	1,389,338	1,335,657	
Depreciation and amortization	354,364	52,498	45,936	452,798	65,623	137,808	203,431	656,229	692,688	
Dues and subscriptions	40,384	9,503	9,217	59,104	22,628	16,154	38,782	97,886	70,815	
Equipment and leases	205,457	76,561	98,632	380,650	80,397	104,624	185,021	565,671	600,469	
Insurance	258,470	110,452	34,848	403,770	50,435	31,723	82,158	485,928	382,805	
Stipends and sponsorships	97,542	66,171	51,296	215,009	8,149	10,697	18,846	233,855	142,712	
Meetings	62,614	71,076	71,276	204,966	50,880	63,986	114,866	319,832	253,498	
Missions	123,143	1,512,273	3,223,588	4,859,004	314,511	15,865	330,376	5,189,380	2,365,269	
Printing	721,530	422,220	247,189	1,390,939	165,225	397,666	562,891	1,953,830	1,740,599	
Professional fees	1,644,313	536,576	180,249	2,361,138	301,624	339,005	640,629	3,001,767	3,059,019	
Rent, security, and maintenance	1,027,665	426,440	433,145	1,887,250	318,011	461,822	779,833	2,667,083	2,691,830	
Speaker/honorarium fees and promotions	152,598	44,691	109,591	306,880	75,236	85,249	160,485	467,365	669,622	
Supplies	106,889	60,150	64,097	231,136	56,101	54,809	110,910	342,046	269,554	
Taxes, licenses, and miscellaneous	593,664	18,887	8,447	620,998	25,637	13,067	38,704	659,702	740,254	
Telephone	155,844	72,981	84,692	313,517	61,537	73,341	134,878	448,395	548,143	
Grants for Israel projects and other	53,318,964	-	-	53,318,964	-	-	-	53,318,964	56,870,004	
Travel	248,993	387,141	348,314	984,448	171,645	260,094	431,739	1,416,187	928,748	
Utilities	79,574	36,165	15,061	130,800	16,580	10,506	27,086	157,886	231,913	
Total Expenses	\$ 67,838,929	\$ 10,023,079	\$ 14,361,029	\$ 92,223,037	\$ 7,960,976	\$ 9,133,018	\$ 17,093,994	\$ 109,317,031	\$ 103,156,710	

See accompanying notes to financial statements.

Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

Statement of Cash Flows (with comparative totals for 2022)

Year ended September 30,	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ 21,068,733	\$ (47,000,247)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	656,229	692,688
Realized and unrealized (gains) losses on investments	(27,801,132)	50,174,555
Realized and unrealized (gains) losses on investments under split-interest agreement	(4,532,439)	9,441,541
Non-cash operating lease expense	362,913	-
Contributions from split-interest agreements	(4,703,507)	(4,688,860)
Change in value of split-interest agreements	3,405,502	(1,063,432)
Change in discount allowance on contributions receivable	53,049	452,202
Decrease (increase) in assets:		
Contributions receivable	2,715,213	893,369
Beneficial interest in trusts	(50,640)	130,519
Prepaid expenses and other assets	(1,188,359)	(220,324)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	534,566	(745,190)
Accrued payroll and related liabilities	108,719	(692,291)
Grants payable	(1,884,539)	(947,772)
Operating lease liability	(393,653)	-
Net Cash (Used in) Provided by Operating Activities	(11,649,345)	6,426,758
Cash Flows from Investing Activities		
Purchases of fixed assets	(171,388)	(19,481)
Proceeds from sale of investments	199,836,056	603,644,775
Purchase of investments	(203,990,572)	(613,644,214)
Net Cash Used in Investing Activities	(4,325,904)	(10,018,920)
Cash Flows from Financing Activities		
Proceeds from note payable	-	215,311
Proceeds from contributions restricted for split-interest agreements	10,390,201	10,623,454
Payments to annuitants of split-interest agreements	(6,856,534)	(6,417,259)
Net Cash Provided by Financing Activities	3,533,667	4,421,506
Net (Decrease) Increase in Cash and Cash Equivalents	(12,441,582)	829,344
Cash and Cash Equivalents, beginning of year	23,471,322	22,641,978
Cash and Cash Equivalents, end of year	\$ 11,029,740	\$ 23,471,322
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for:		
Right-of-use asset acquired through operating leases	\$ 1,834,778	\$ -

See accompanying notes to financial statements.

Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

Notes to Financial Statements

1. Nature of Organization

Jewish National Fund (Keren Kayemeth Lelsrael), Inc. (JNF) is a not-for-profit corporation, founded in 1901 and incorporated in the United States in 1926, that is devoted to promoting and furthering the cultural, physical, social, medical, agricultural, and general welfare of the people of Israel. JNF invests its efforts in seven action areas, including forestry and ecology, water management, community development, security roads, education, research and development, and tourism and recreation. JNF is also involved in Israel advocacy and education throughout the United States. Israeli projects are carried out by JNF Board-approved, select Israeli not-for-profit organizations. JNF consists of its national and zone offices throughout the country. The accompanying financial statements include the accounts of the national headquarters and all of the zone offices.

JNF is a Section 501(c)(3) not-for-profit organization and is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (the Code). JNF has been classified as a publicly supported organization, as described in Section 509(a)(1) of the Code. JNF is also exempt from state and local income taxes. Jewish National Fund and JNF are registered trademarks of JNF with the U.S. Patent and Trademark Office since April 2002.

A related entity, Jewish National Fund-USA, Inc. (JNF-USA), was incorporated on September 4, 2018. JNF and JNF-USA are related through common Board control. JNF is a subsidiary of JNF-USA. During fiscal year 2019, JNF's Board signed documents that shift control of Beyachad Fund (R.A.) and Alexander Muss Institute for Israel Education, Inc. (AMIIE) to JNF-USA.

Beyachad Fund (R.A.) is an Israeli not-for-profit organization (Amuta) that is organized to provide support to and develop areas in Israel. JNF was related to the Beyachad Fund (R.A.) through Board control until control was transitioned to JNF-USA on October 1, 2018.

AMIIE provides an Israel educational experience to students. This experience brings 4,000 years of Israel's history to life. AMIIE d/b/a Alexander Muss High School in Israel, or AMHSI, is a Section 501(c)(3) Florida not-for-profit organization registered to do business in New York and is exempt from federal income taxes under Section 501(a) of the Code. AMIIE is also exempt from state and local income taxes.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of JNF are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. This requires that the amounts for each of the classes of net assets—with donor restrictions and without donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in the statement of activities.

Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

Notes to Financial Statements

Net asset classifications are defined as follows:

Without Donor Restrictions - This classification consists of the part of net assets that is not restricted by donor-imposed stipulations.

Included in Board-designated net assets without donor restrictions is the Boruchin Israel Education Advocacy Center (the Center) fund. The Center was created during fiscal year 2015 with a \$100 million allocation of funds received from the John and Dora Boruchin Trust that were designated by the JNF Board of Directors. The Center will provide programming, funding, and fundraising. Among other programs, this will include scholarships; JNF Future Leadership Institute; Zionist teacher training programs; JNF Israel Advocacy Department activities (including Spring Break, Birthright, and Caravan for Democracy); Faculty Fellowship; and additional educational initiatives. The Center fund is structured in such a manner as to distribute no more than \$5 million annually or 5% of the Center's assets, as revalued each year on January 1, whichever is greater. Any use of the Center's core assets other than previously stated, or a change in its mission, can only be determined and approved by a majority vote of JNF's Board of Directors. The balance of net assets designated to the Center as of September 30, 2023 was \$118,620,833.

During 2015, JNF established a JNF Board-designated fund (the JNF Initiatives Fund) with a \$50 million allocation from the John and Dora Boruchin Trust. Income from this fund can be used towards general operating costs of JNF, as well as special projects and new initiatives that may not have originally been budgeted by JNF. This will allow for creativity and innovative ideas within JNF. The balance of net assets designated to the JNF Initiatives Fund as of September 30, 2023 was \$63,118,839.

Following the renovations at the 69th Street building, the Building Fund was established for any potential capital projects or future renovations. The balance of the net assets designated to the Building Fund as of September 30, 2023 was \$3,433,042.

With Donor Restrictions - This classification consists of net assets resulting from contributions and other inflows of assets whose use by JNF is limited by donor-imposed stipulations, time, and/or purpose restrictions. JNF reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restriction.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting JNF to expend the income generated by the assets in accordance with provisions of additional donor-imposed stipulations or a Board-approved spending policy.

See Note 11 for more information on the composition of net assets with donor restrictions and the release of restrictions.

Cash and Cash Equivalents

JNF considers highly liquid financial instruments with original maturities of three months or less from the date of purchase, other than those held in JNF's investment portfolio, to be cash equivalents.

Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

Notes to Financial Statements

Financial Instruments and Fair Value

Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as JNF would use in pricing JNF's asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of JNF are traded. JNF estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants who have investments in the same or similar assets would use, as determined by the money managers for each investment based on the best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

Level 1 - Valuation is based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 - Valuation is based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly.

Level 3 - Valuation is based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

Contributions, Bequests, and Contributions Receivable

Contributions, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged at their net realizable value. Unconditional promises to give, which are to be received after one year, are discounted using an appropriate discount rate (credit-adjusted) commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue, in accordance with donor-imposed restrictions, if any. An allowance for uncollectible contributions receivable is provided in the net asset class in which the contribution receivable resides based on management's assessment of the aged basis of its receivables, current economic conditions, subsequent receipts, and historical information. Receivables are written off against the allowance when they are deemed to be uncollectible based upon a periodic review of the accounts by management. JNF writes off any amounts that are no longer considered to be recoverable, and any payments subsequently received on such receivables are recorded as income in the period received. At September 30, 2023, the allowance for doubtful accounts was \$8,000,000.

Contributions with purpose or time restrictions are reported as increases in net assets with donor restrictions and subsequently released when the restrictions on which they depend are met. Contributions subject to donor-imposed stipulations that the corpus be maintained in perpetuity are recognized as increases in net assets with donor restrictions.

Conditional promises to give and intentions to give are not recognized until they become unconditional—that is, when the conditions on which they depend are substantially met. JNF has not entered into any agreements that consist of providing conditional funding in future years as of September 30, 2023.

Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

Notes to Financial Statements

Contributed Services

For the year ended September 30, 2023, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist JNF. JNF receives on average more than 120 volunteer hours per Board member, per year.

Split-Interest Agreements

JNF holds assets under split-interest agreements consisting of pooled-life income funds, charitable remainder trusts, and charitable gift annuities for which JNF serves as the trustee. Such agreements provide for payments to the donors or their stipulated beneficiaries of either income earned on related investments or specified annuity amounts. Assets held under these agreements are reported as investments held under split-interest agreements on the statement of financial position. A portion of the contributed assets is considered to be a charitable contribution for income tax purposes and has been recognized as a contribution at the date of gift. When the terms of the gift instrument have been met, the remaining amount of the gift may be used for general or specific purposes, as stipulated by the respective donor.

Under JNF's charitable remainder trusts and charitable gift annuities programs where JNF is the trustee, liabilities are recorded for the present value of the estimated future payments expected to be made to the donors and/or beneficiaries, as long as they live, after which time the remaining assets, if any, are available for the unrestricted use of JNF, unless otherwise stipulated by the donor. Under JNF's pooled-life income funds program, the difference between the fair value of the assets when received and the revenue recognized is recorded as an obligation, representing the amount of the discount for future interest, on the statement of financial position. Upon termination of a life interest, the share of the corpus attributable to the life tenant becomes available to JNF. Changes in the life expectancy of the donor or beneficiary, amortization of the discount, and other changes in the estimates of future payments are reported as change in value of split-interest agreements on the statement of activities.

Beneficial Interest in Trusts Held by Others

Donors have established and funded trusts, which are administered by organizations other than JNF. Under the terms of these trusts, JNF has the irrevocable right to receive all or a portion of the income earned on the trust assets either in perpetuity or for the life of the trust. JNF does not control the assets held by outside trusts. The value of the beneficial interest is estimated by discounting the estimated future cash flows using a risk-adjusted interest rate.

Fixed Assets, Net

JNF considers purchases to be fixed assets if the cost is greater than \$5,000. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements.

Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

Notes to Financial Statements

The current estimated useful lives are as follows:

Asset Category	Years
Building and building improvements	40
Leasehold improvements	5
Furniture, fixtures, and equipment	5
Vehicles	5

Leasehold improvements are depreciated over the shorter of their useful lives or the remainder of the lease period.

Gifts of long-lived assets, such as land, buildings, or equipment, are reported as without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Impairment of Long-Lived Assets

JNF follows the provisions of ASC 360-10-35, *Accounting for the Impairment or Disposal of Long-Lived Assets*, which requires JNF to review long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. For the year ended September 30, 2023, there have been no such losses.

Grants (Transfers for Israel Projects) and Grants Payable

Grants are recorded as expenses in the year in which they are awarded, including multi-year awards, which are discounted to present value. The discounts on these amounts are computed using an appropriate discount rate (credit-adjusted) applicable to the years in which the promises are made (see Note 7).

Advertising Expense

Advertising, consisting primarily of the cost of publications, public awareness, and literature, is recorded as expense in the period incurred. Advertising expense was \$1,154,684 for the year ended September 30, 2023.

Concentrations of Credit Risk

Cash, cash equivalents, and investments are exposed to various risks, such as interest rate, market, and credit risks. To minimize such risks, JNF has a diversified investment portfolio in a variety of asset classes managed by an independent investment manager. JNF's cash, cash equivalents, and investments are placed with high-credit-quality financial institutions. JNF regularly evaluates its investments, including performance thereof. Due to inherent risks and potential volatility in investment valuations, the amounts reported in the accompanying financial statements can vary substantially

Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

Notes to Financial Statements

from year to year. JNF maintains its cash in various bank deposit accounts that, at times, may exceed federally insured limits; however, JNF does not anticipate nonperformance by these financial institutions.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The more significant estimates include the valuation of real estate and non-exchange-traded alternative investments, the collection of contributions receivable, and obligations under and residual interests pertaining to split-interest agreements. Actual results could differ from those estimates.

Comparative Financial Information

The financial statements are not comparative but include certain prior-year summarized comparative information. With respect to the statement of activities, the prior-year information is presented in total, not by net asset class. With respect to the statement of functional expenses, the prior-year expenses are presented by expense classification in total rather than functional category. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with JNF's financial statements for the year ended September 30, 2022, from which the summarized information was derived.

Income Taxes

JNF qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Code and as a non-profit corporation in New York State. Accordingly, no provision for federal or state income taxes is required. JNF has been determined by the Internal Revenue Service (IRS) not to be a "private foundation" within the meaning of Section 509(a) of the Code.

JNF adopted the provisions of ASC 740, *Accounting for Uncertainty in Income Taxes*. Under ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained. The implementation of ASC 740 had no impact on JNF's financial statements. JNF does not believe there are any material uncertain tax positions and, accordingly, it will recognize any liability for unrecognized tax benefits. JNF has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, JNF has filed IRS Form 990 tax returns, as required, and all other applicable returns in jurisdictions when it is required. JNF is subject to routine audits by taxing authorities.

Recently Adopted Accounting Pronouncements

Accounting for Leases

On February 25, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*, which requires lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and to recognize a right-of-use (ROU) asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Management adopted this ASU using the modified approach effective October 1, 2022 for the year ended September 30, 2023. See Note 16 for additional information.

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Notes to Financial Statements

Accounting Pronouncements Issued but Not Yet Adopted

Financial Instruments - Credit Losses

In June 2016, the FASB issued ASU 2016-03, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended. The new credit losses standard changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result of applying ASC 606, loans, and certain other instruments, entities will be required to use a new forward-looking “expected-loss” model that generally will result in earlier recognition of credit losses than under today’s incurred loss model. ASU 2016-03 is effective for annual periods beginning after December 15, 2022. JNF is currently evaluating the impact of the adoption of this ASU on its financial statements.

3. Investments, at Fair Value

JNF’s assets recorded at fair value have been categorized based upon a fair value hierarchy, in accordance with ASC 820. See Note 2 for the discussion of JNF’s policies regarding this hierarchy. A description of the valuation techniques applied to JNF’s major categories of assets measured at fair value is as follows. There have been no changes in the valuation methodologies as of September 30, 2023.

Equities, U.S. Government Securities, and Exchange-Traded Funds - Equities, U.S. government securities, and exchange-traded funds are valued at the closing price reported on the active market on which the individual securities are traded. These investments are classified as Level 1.

Municipal Bonds - Municipal bonds are valued based on recently executed transactions, bid/asked prices, and pricing models that factor in, where applicable, interest rates, bond spreads, and volatility. These investments are classified as Level 2.

Mutual Funds - Mutual funds are valued on a daily basis at the close of business day. Each mutual fund’s net asset value (NAV) is the value of a single share that is actively traded on national securities exchanges. These investments are classified as Level 1.

Corporate Bonds and U.S. Treasury Securities - JNF also has investments in fixed-income securities, which include corporate bonds and U.S. Treasury securities. The investment managers priced these investments using nationally recognized pricing services. Since fixed-income securities other than U.S. Treasury securities may not trade on a daily basis, the pricing services prepare estimates of fair value measurements for these securities using its proprietary pricing applications, which include available relevant market information, benchmark curves, benchmarking of similar securities, sector grouping, and matrix pricing. These investments are classified as Level 2.

State of Israel Bonds - State of Israel bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. These investments are classified as Level 2.

Precious Coins and Medals - Investments in precious coins, medals, and real estate are carried at their fair value, which is based on the latest appraised value available. These investments are classified as Level 3.

Fixed-Income Securities - JNF has investments in fixed-income securities comprised of open-end funds. These investments are priced by JNF’s investment managers using nationally recognized pricing services based on observable market data and are classified as Level 1.

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Alternative Investments - Alternative investments are those made in limited partnerships and limited liability corporations, all of which are valued based on the NAV or its equivalent of the interest owned by JNF at year-end. Given the absence of market quotations, their fair value is estimated using information provided to JNF by the investment advisor. The values are based on estimates that require varying degrees of judgment and, for fund of funds investments, are primarily based on financial data supplied by the investment managers of the underlying funds. Individual investment holdings within the alternative investments may include investments in both nonmarketable and market-traded securities. Nonmarketable securities may include equity in private companies, real estate, thinly traded securities, and other investment vehicles. The investments may indirectly expose JNF to the effects of securities lending; short sales of securities; and trading in futures and forward contracts, options, swap contracts, and other derivative products. While these financial instruments entail varying degrees of risk, JNF's exposure with respect to each such investment is limited to its carrying amount (fair value as described above) in each investment plus JNF's commitment to provide additional funding, as described in the following paragraph. The financial statements of the investees are audited annually by nationally recognized firms of independent auditors. JNF does not directly invest in the underlying securities of the investment funds and, due to restrictions on transferability and timing of withdrawals from the limited partnerships, the amounts ultimately realized upon liquidation could differ from reported values that are based on current conditions.

Certain alternative investments, which include limited partnership investments, have rolling lockups ranging from quarterly to one year with a redemption notice period of up to 90 days.

JNF maintains Donor Advised Funds (DAF), which are in custody of a third party. The third party holds these funds in various investment pools as per the donor's instructions. A donor may recommend that grants are made to charitable organizations from funds contributed, although JNF is not obligated to make such grants. Since JNF maintains variance power, these funds are classified within JNF's net assets without donor restrictions. As of September 30, 2023, JNF maintained 133 DAFs at approximately \$31 million.

Investments are made under the authority and oversight of an investment committee in consultation with an outside consultant. Together, they have established investment guidelines and developed a diversified asset allocation structure, which includes high-cap equities, low-cap equities, international equities, fixed-income securities, and alternative investments. JNF engages individual managers who specialize in each asset category, and each manager is monitored for compliance with guidelines, and performance is evaluated against appropriate benchmarks.

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Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

Notes to Financial Statements

JNF's investments, by level within the fair value hierarchy, consist of the following:

September 30, 2023

	Fair Value Measurement at Reporting Date			Balance
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	
Cash and cash equivalents and money market funds	\$ 9,623,182	\$ -	\$ -	\$ 9,623,182
Exchange-traded funds	19,981,163	-	-	19,981,163
Mutual funds	50,589,062	-	-	50,589,062
U.S. government securities	10,174,145	-	-	10,174,145
Municipal bonds	-	13,225,270	-	13,225,270
Equities	135,904,402	-	-	135,904,402
State of Israel bonds	-	4,566,761	-	4,566,761
Fixed income	60,313,441	-	-	60,313,441
Real estate	-	-	1,677,165	1,677,165
Precious coins and medals	-	-	193,510	193,510
Other	12,988	-	-	12,988
Total Investment Assets, in the fair value hierarchy	\$ 286,598,383	\$ 17,792,031	\$ 1,870,675	306,261,089
Limited partnerships at NAV*				17,364,676
Total Investments				\$ 323,625,765

* Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

There were no transfers between levels for the year ended September 30, 2023.

JNF uses, as a practical expedient, for fair value, a reported NAV per share or its equivalent for purposes of valuing certain alternative investments within its investment portfolio as of September 30, 2023, as detailed below.

Alternative Investment Type	Alternative Investment Strategy	Number of Funds	NAV in Funds	Remaining Life	Amount of Unfunded Commitments	Redemption Term	Redemption Restrictions
Limited Partnerships	Achieve capital appreciation through direct and indirect investments in domestic and international equity and fixed-income securities	22	\$ 17,364,676	As determined by the respective fund manager	\$ -	Funds are quarterly with 60-days' notice, monthly with 15-days' notice, or quarterly with 90-days' notice	None

Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

Notes to Financial Statements

The table below sets forth a summary of changes in fair value of the Level 3 assets for the year:

Year ended September 30, 2023

	Precious Coins and Medals	Real Estate	Total
Balance, beginning of year	\$ 193,510	\$ 1,677,165	\$ 1,870,675
Balance, end of year	\$ 193,510	\$ 1,677,165	\$ 1,870,675

4. Split-Interest Agreements

JNF is the beneficiary or agent for a third-party beneficiary of a number of split-interest agreements with donors. Certain agreements provide that JNF hold the contributed assets as trustee (e.g., pooled income funds and charitable remainder trusts), while other agreements are part of the general assets of JNF (e.g., charitable gift annuities). Under both forms of agreement, JNF invests the donated assets and distributes to the donor or donor's designee income generated from those assets until such time as stated in the agreement (usually upon the death of the donor or donor's designee). JNF will be able to utilize that part of the gift in which it has an interest upon the death of the respective life income beneficiary and will distribute to any third-party beneficiaries their respective remainder interests.

At the time of the gift, and adjusted annually, JNF records contribution income and a liability for amounts payable to annuitants and third-party beneficiaries using an actuarial calculation based on estimated mortality rates and other assumptions that could change in the near term. The discount rates used in the calculation of obligations due to annuitants under split-interest agreements at September 30, 2023 ranged from 0.4% to 11.2%. State-mandated insurance reserves related to charitable gift annuity agreements are maintained at the required level.

Assets held for split-interest agreements are as follows:

September 30, 2023

Charitable gift annuities	\$ 88,502,009
Charitable remainder trusts	13,609,102
Pooled-life income funds	669,689
	\$ 102,780,800

Obligations due under split-interest agreements are as follows:

September 30, 2023

Charitable gift annuities	\$ 36,450,251
Charitable remainder trusts	6,658,389
Pooled-life income funds	377,120
	\$ 43,485,760

Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

Notes to Financial Statements

JNF's investments held under split-interest agreements, by level within the fair value hierarchy, consist of the following:

September 30, 2023

	Fair Value Measurement at Reporting Date			Balance
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	
Cash and cash equivalents and money market funds	\$ 3,681,961	\$ -	\$ -	\$ 3,681,961
Equities	48,392,034	-	-	48,392,034
Mutual funds	18,844,252	-	-	18,844,252
U.S. government securities	10,000	-	-	10,000
Fixed income	22,656,539	-	-	22,656,539
Exchange-traded funds	3,302,378	-	-	3,302,378
Mortgages and loans	-	150,000	-	150,000
Real estate	-	-	1,677,165	1,677,165
Total Investment Assets, in the fair value hierarchy	\$ 96,887,164	\$ 150,000	\$ 1,677,165	98,714,329
Limited partnerships at NAV*				4,066,471
Total Investments				\$ 102,780,800

* Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

There were no transfers between levels for the year ended September 30, 2023.

The table below sets forth a summary of changes in fair value of the Level 3 assets for the year:

Year ended September 30, 2023

	Real Estate	Total
Balance, beginning of year	\$ 1,677,165	\$ 1,677,165
Balance, end of year	\$ 1,677,165	\$ 1,677,165

Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

Notes to Financial Statements

JNF uses, as a practical expedient, for fair value, a reported NAV per share or its equivalent for purposes of valuing certain alternative investments within its investment portfolio as of September 30, 2023, as detailed below:

Alternative Investment Type	Alternative Investment Strategy	Number of Funds	NAV in Funds	Remaining Life	Amount of Unfunded Commitments	Redemption Term	Redemption Restrictions
Limited Partnerships	Achieve capital appreciation through direct and indirect investments in domestic and international equity and fixed-income securities	2	\$ 4,066,471	As determined by the respective fund manager	\$ -	Funds are quarterly with 60-days' notice, monthly with 15-days' notice, or quarterly with 90-days' notice	None

5. Contributions Receivable, Net

Contributions receivable, net, are expected to be collected as follows:

September 30, 2023

Due in less than one year	\$ 29,481,527
One to five years	20,491,621
Five years and greater	5,479,949
	<u>55,453,097</u>
Less: discount to present value (at rates ranging from 0.23% to 5.20%)	(1,534,111)
Less: allowance for doubtful accounts	(8,000,000)
	<u>\$ 45,918,986</u>

JNF has been notified of certain intentions to give under various wills and trust agreements, the realizable amounts of which are not presently determinable. JNF's share of such bequests is recorded when JNF has an irrevocable right to the bequest and the proceeds are measurable.

6. Fixed Assets, Net

Fixed assets, net, consist of the following:

September 30, 2023

Land	\$ 1,147,500
Buildings and building improvements	20,777,004
Leasehold improvements	111,211
Furniture, fixtures, vehicles, and equipment	9,427,936
	<u>31,463,651</u>
Less: accumulated depreciation and amortization	(15,011,323)
Total Fixed Assets, Net	<u>\$ 16,452,328</u>

Depreciation and amortization expenses for the year ended September 30, 2023 was \$656,229.

Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

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7. Grants Payable, Net

Grants payable, net, are expected to be paid as follows:

September 30, 2023

Less than one year	\$	627,483
One to five years		1,499,549
	\$	2,127,032

8. Note Payable

During March 2018, JNF agreed to a note payable in the amount of \$5,000,000 at 0% interest. JNF is not required to make any payments for the first five years of the loan. After five years, the holder may demand payment of no more than \$1,000,000 per year for each of the remaining five years. Upon the tenth anniversary of the note, any amounts still due will be forgiven.

The balance of the note payable was \$5,000,000 at September 30, 2023. Subsequent to year end in February 2024, the holder demanded repayment of \$1,000,000 which was paid on February 20, 2024.

9. Defined Contribution Plan

JNF sponsors a 403(b) plan, which covers substantially all of its employees. The plan is funded through voluntary contributions by participants, JNF's matching contributions, and/or a formula-based JNF contribution based on each eligible participant's compensation for the plan year. The contribution expense for the year ended September 30, 2023 was approximately \$1,863,000.

10. Related Party Transactions with AMIIE

In September 2013, an agreement was entered into between JNF and AMIIE (the Agreement). The provisions of the Agreement established the creation of a \$5 million fund with funds received from the chair of the AMIIE Board (the Muss Fund) and a separate matching fund of \$5 million pledged from JNF (the JNF Fund). The funds are held and administered by JNF and restricted for the administration and operation of AMIIE for specific purposes, as outlined in the Agreement, and have been reported as part of net assets with donor restrictions in the accompanying financial statements.

JNF records an asset and contribution revenue when it receives assets from a donor on behalf of AMIIE, which are included as part of contributions receivable and contributions revenue on the accompanying statement of financial position and statement of activities, respectively.

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11. Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes or periods:

September 30, 2023

Restricted for specific purposes/periods:

Israel programs	\$ 12,688,507
Time-restricted under split-interest agreements	32,215,942
Time-restricted - for periods after September 30	19,022,487
Scholarships	9,765,649
Other	1,095,466
	<hr/> 74,788,051

Restricted in perpetuity:

General operations	4,635,553
Scholarships	1,823,445
Special events	5,000,000
Trees	200,000
Beneficial interest in perpetual trust	327,584
	<hr/> 11,986,582

\$ 86,774,633

Net assets released from donor restrictions consisted of the following:

Year ended September 30, 2023

Israel programs	\$ (563,929)
Split-interest agreements expired	(5,371,392)
Time restriction lapsed	(9,216,268)
Scholarships	(604,082)
Other	(75,000)
	<hr/> \$ (15,830,671)

12. Endowment Funds

General

JNF's endowments consist of individual donor-restricted endowment funds established to support activities of JNF. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

Interpretation of Relevant Law

The state of New York has enacted the New York State Prudent Management of Institutional Funds Act (NYS PMIFA), its version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). All not-for-profit organizations formed in New York must apply this law. JNF classifies as net assets with donor restrictions held in perpetuity, unless otherwise stipulated by the donor: (a) the original

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value of gifts donated to its permanent endowment, (b) the original value of subsequent gifts to its permanent endowment, and (c) accumulations to its permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the funds.

The remaining portion of the donor-restricted endowment fund not restricted in perpetuity is classified as net assets with donor restrictions until such amounts are appropriated for expenditure by JNF in a manner consistent with the uses, benefits, purposes, and duration for which the endowment is established and the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, JNF considers the following factors in making a determination to appropriate for expenditure or accumulate donor-restricted endowment funds: the purpose, duration, and preservation of the endowment fund; expected total return on endowment investments; general economic conditions; the possible effects of inflation and deflation; other resources of JNF; and the investment policy of JNF.

Return Objectives, Strategies Employed, and Spending Policy

The primary objective of the endowment in the near term is to preserve the nominal market value of its assets in order to limit realized and unrealized investment losses. The secondary objective of the endowment is to grow the value of its assets at a modest rate to allow for continued support of JNF's operations.

Due to JNF's current financial circumstance, the first priority, in the near term, is to reduce the potential for short-term investment losses. The objective, therefore, prioritizes short-term stability, risk reduction, and liquidity over long-term capital appreciation. The current investment approach for the endowment is to prioritize capital preservation and liquidity and to limit losses within the portfolio by minimizing its exposure to equities and other investments with the potential for significant losses. With this investment approach, the majority of the endowment's assets are invested in investments that are expected to generate modest returns with lower risk. A smaller portion of the endowment may be invested in asset classes and investment strategies with a higher risk-return profile, as appropriate.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires JNF to retain as a fund of perpetual duration. There were no deficiencies as of September 30, 2023.

Investment income on the endowments is recorded as with donor restriction - purpose restricted and is appropriated in accordance with the spending policy.

Endowment net asset composition by type of fund is as follows:

September 30, 2023

Donor-restricted funds	\$ 11,289,527
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Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

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Changes in endowment net assets are as follows:

September 30, 2023

Endowment Net Assets with Donor Restrictions, beginning of year	\$ 8,447,997
Investment return:	
Interest and dividends, net	232,579
Net realized and unrealized loss	557,440
Total Investment Loss	790,019
Contributions	2,436,940
Appropriation of endowment net assets for expenditure - spending policy	(385,429)
Endowment Net Assets with Donor Restrictions, end of year	\$ 11,289,527

13. Liquidity and Availability of Resources

JNF's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

September 30, 2023

Cash and cash equivalents	\$ 11,029,740
Contributions receivable, current portion	29,481,527
Investments, at fair value	323,625,765
Total Financial Assets Available Within One Year	364,137,032
Less amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	23,549,622
Restricted by donors with time restrictions	51,238,429
Restricted by donors in perpetuity	11,986,582
Total Amounts Unavailable for General Expenditures Within One Year	86,774,633
Less amounts unavailable to management without Board's approval:	
Board-designated for the Center	118,620,833
Board-designated for JNF Initiatives Fund	63,118,839
Board-designated for Building Fund	3,433,042
Total Amounts Unavailable to Management Without Board's Approval	185,172,714
Total Financial Assets Available to Management for General Expenditure Within One Year	\$ 92,189,685

Liquidity Management

JNF maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

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Additionally, JNF has Board-designated net assets without donor restrictions that, while JNF does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.

14. Methods Used for Allocation of Expenses

Direct expenses are assigned to the various programs and supporting services based upon actual costs incurred. The financial statements also report certain categories of expenses that are attributable to one or more program or supporting functions of JNF. Those expenses are allocated based upon various allocation factors, including square footage occupied and time and effort. Depreciation is allocated based on estimated use of square footage. Employee expenses are allocated based on time studies. Other expenses are allocated based on estimates of time and effort.

15. Commitments

Litigation

Various lawsuits against JNF may arise in the ordinary course of business. Contingent liabilities arising from such litigation and other matters are not expected to be material in relation to the financial position of JNF.

16. Leases

As detailed in Note 2, JNF adopted ASU 2016-02, *Accounting for Leases (Topic 842)*, effective October 1, 2022. JNF has several operating leases for facilities and equipment. Leases are classified as either operating or finance leases based on the underlying terms of the agreement and certain criteria, such as the term of the lease related to the useful life of the asset and the total lease payments to be made as compared to the fair value of the asset, amongst other criteria. Finance leases result in an accounting treatment similar to an acquisition of the asset.

For leases with initial terms greater than one year, JNF records the related ROU assets and liabilities at the present value of the lease payments to be paid over the life of the related lease. JNF has made an accounting policy election not to record leases with an initial term of less than one year as ROU assets and liabilities in the statement of financial position. Lease payments related to periods subject to renewal options are excluded from the amounts used to determine the present value of the remaining lease payments unless JNF is reasonably certain to exercise the option to extend the lease. The present value of lease payments is calculated by utilizing the discount rate stated in the lease, when readily determinable. For leases for which this rate is not readily available, JNF has elected to use the risk-free rate. JNF has made an accounting policy election not to separate lease components from non-lease components in contracts when determining its lease payments for all of its asset classes, as permitted by GAAP. As such, JNF accounts for the applicable non-lease components together with the related lease components when determining the ROU assets and liabilities.

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The following tables summarize information related to the lease assets and liabilities:

Year ended September 30, 2023

Lease costs:	
Amortization of ROU assets	\$ 362,913
Interest on lease liabilities	47,930
Total Lease Cost	\$ 410,843

September 30, 2023

ROU assets and liabilities:	
Operating lease ROU assets	\$ 1,471,865
Operating lease liabilities	1,441,125

Year ended September 30, 2023

Other information:	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 393,653

Weighted-average remaining lease term - operating leases (years)	3
Weighted-average discount rate - operating leases (%)	4.01

The following table reconciles the undiscounted operating lease payments to the lease liabilities recorded on the accompanying statement of financial position at September 30, 2023:

Year ending September 30,

2024	\$	547,797
2025		473,404
2026		375,653
2027		106,381
2028		31,497
Thereafter		-
Total Lease Payments		1,534,732
Less: amounts representing interest		(93,607)
Less: current portion		(499,190)
Total Operating Lease Liability, net of current portion	\$	941,935

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17. Subsequent Events

JNF has evaluated its September 30, 2023 financial statements for subsequent events through May 28, 2024, the date the financial statements were available to be issued. JNF is not aware of any subsequent events that would require recognition or disclosure in the financial statements, other than as follows:

Since October 7, 2023, JNF has responded with an Emergency and Resilience campaign while at the same time continuing its overall annual campaign.

JNF's efforts for the fiscal year will be directed towards their "Build Together" initiative. Build Together is a bold strategic initiative of millions of dollars, unprecedented in its focus and scope, to rebuild Israeli communities along the Israel Strip.